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# The Management and Development of Regional Clusters in the Russian Economy

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A regionális klaszterek menedzselése és fejlesztése az orosz gazdaságban

#### Abstract

The present paper draws attention to the urgency of the problem related to the formation of tourism clusters. Then the current state and the specific features of the object of study are described. Then we expand upon the scientific basis of the proposed research methodology. Finally we offer guidelines on the implementation of the expected results. The development of initiative in the implementation of cluster projects in the territories of the administrative-territorial and municipal entities of the Russian Federation has been intended to promote the concentration of existing and attracted resources that will improve the efficiency provided for socio-economic measures.

Keywords: tourism, cluster, infrastructure, methodology, tourist companies

#### Összefoglaló

Jelen tanulmány felhívja a figyelmet a turisztikai klaszterek képződésével kapcsolatos problémák fontosságára. Ezután leírja a vizsgálat tárgyának jelenlegi állapotát és speciális jellemzőit. Majd részletesen kifejti a javasolt kutatási módszertan tudományos alapját. Végül útmutatást ad a kapott kutatási eredmények gyakorlati alkalmazására. Az Oroszországi Föderáció igazgatási területein és önkormányzatainál megvalósuló klaszter projektek végrehajtásával az volt a cél, hogy elősegítsék a már meglévő és odavonzott erőforrások koncentrációját, amelyek javítani fogják a szociális és gazdasági intézkedések hatékonyságát.

Kulcsszavak: turizmus, klaszter, infrastruktúra, módszertan, turisztikai vállalatok

**The urgency of the problem.** One of the priority directions of economic development of Russia is the formation of innovative capacity at the regional level of governance. The implementation of the state innovation policy in regions contributes to a more effective functioning of the elements of production and

social infrastructure. To improve the efficiency of innovation activities it is necessary to improve legislation, to support innovativeactive organizations, to modernize the production processes, and to strengthen the image of Russia in the world community.



The study of Russian and foreign experience leads to the conclusion that in the conditions of increasing competition between countries and regions to attract investment, it is necessary to use new tools to maintain and enhance the competitiveness the of administrativeterritorial units and their constituent municipalities, urban and rural areas. In the current circumstances the priority should be given to activities aimed at facilitating the process of formation and development of clusters in the priority sectors and spheres of the regional economy. Clusters can be represented as a group of geographically adjacent and cooperating companies for the production of a homogeneous product (or execution of works, services), and related organizations, which have a focus for the achievement of the overall economic result.

The current state of the research object. In the Russian Federation socially important strategic documents have been developed and implemented for the period up to 2020 - the Concept of long term socio-economic development [1] and the Strategy of innovative development [2]. They emphasized the need of building new centres of economic and social development through the creation of a network of territorial-production clusters, which will more fully utilize the competitive potential of urban and rural areas. In accordance with the State program of the Russian Federation [3] and the Basic directions of activity of the Government of the Russian Federation for the period up to 2018 [4], the formation of innovation territorial clusters in conjunction with the technological platforms and programs of innovative development of companies with state participation is a priority to support the technological level of production in the country.

The essential content of the cluster policy of the Russian Federation is to improve the competitiveness of the national economy, its individual branches and territories at the expense of achieving synergies between cluster members associated with their geographically close proximity. Within the boundaries of the expanding access to clusters modern technology, highly qualified personnel and services of specialized organizations, reduced production and distribution costs, provided the creation of prerequisites for the implementation of joint projects and cluster initiatives.

Cluster policy is based on the principles of consistency, transparency, having a systemic character, efficiency, availability, and voluntary targeting. The main objectives of the cluster policy are to ensure the conditions for the formation and development of competitiveness in the domestic and foreign markets, clusters; the implementation of measures of state support for cluster members; organizational, methodological, information consulting and educational support for cluster projects and initiatives; coordination between the executive authorities of the Russian Federation and the regions of the Russian Federation, as well as local governments, business associations and development institutions to implement the cluster policy; the development of high-tech small and medium-sized businesses by attracting entrepreneurs to participate in cluster projects.

Cooperation and close economic ties characterize businesses and organizations that are included in any cluster. A distinctive feature at the same time is the advantage of clusters that they bring together within a certain administrative-territorial or municipal, urban or rural area of industrial, scientific, educational



and innovative potential of business entities, small and medium-sized high-tech businesses, educational and research institutions, innovative infrastructure facilities and service companies. The result of the application of the cluster approach becomes the maximum use of both sectorial and regional competitive advantages and, as a consequence, the overall growth of the competitiveness of the national economy.

The formation of branch and regional clusters creates conditions for enhancing intra- and inter-regional economic integration. This process is a consequence of the accelerated build-up of infrastructure and human capacity, developing a network of competitive suppliers and service organizations. The result of this cooperation is the adaptation mechanisms of spatial planning to the needs of small and medium-sized businesses. To stimulate the development of clusters the following are needed: first, the growth of labour productivity; secondly, increasing employment, creating new companies, firms and, consequently, new jobs; third, the accumulation of innovative potential of the territories; fourth, and the identification of regional competitive advantages, helping to attract domestic and foreign investments.

**Specific features of the object of study.** To solve the tasks of cluster policy it is necessary to solve a number of problems, which, as proved by the results of several studies, as a rule, are available for current and potential (projected) clusters.

The first group of problems is that discrepancy emerged in the regions of Russia between the cadre of qualified personnel and the needs of business entities and organizational structures that are part of the emerging clusters. This is due to the shortcomings of the existing structure of training specialists in the regional institutions of vocational education, as well as the inappropriate content and quality characteristics of the curriculum of educational institutions for the needs of the regional and the municipal economy. In addition, the formation of a system of continuous education in Russia to date cannot be considered complete.

The second group of problems is the low intensity of research activities and development projects in the key areas of the development of clusters. There is a low susceptibility of enterprises to innovate, the slow pace of renovation of products, the insufficient level of its competitiveness.

The third group of problems is the lack of preparedness of transport, social and engineering infrastructure for a variety of economic activities within certain areas and insufficient institutional development of emerging clusters of internal and external cooperation ties and mechanisms of subcontracting in the manufacture of products (goods, works, services).

The fourth group of problems is the financial and other barriers (economic and other sanctions, restrictions, such as those associated with the legislation in the sphere of export control, etc.), Hindering cooperative ties and the acquisition of expensive production equipment, innovative materials and technologies needed to complete the organization of technological and production processes in emerging clusters.

It should be emphasized that the importance of training issues for both newly formed and for the functioning clusters. In a number of specific scientific papers staff problems were deeply researched in the tourism sector [5, p. 45-49]. A



particular attention is paid to the specific characteristics of the tourism industry, the diversity of its membership within the economic activities; it emphasizes the need to improve the quality of education, as well as opening new destinations and profiles for the training of qualified specialists.

Scientific basis of the proposed research methodology. The productive implementation of the cluster policy at the regional level of government within municipalities, urban and rural areas, is only possible with the harmonization and coordination of actions of all participants in cluster development businesses, vocational education institutions, research and development organizations, state authorities and local self-government institutions of development, innovators, and specialized service organizations.

State support involves certain administrative actions. In the process of creating clusters of bodies of state power and local selfgovernment is necessary to ensure the adoption and implementation of a number of organizational measures, including the establishment of activities occurring in Russian regional (at the level of subjects of the Russian Federation) Centres.the creation of strategies and development programs of each of the clusters; the establishment of communication and coordinated cooperation among all participants as a single cluster or different clusters among themselves; the development of administrative and economic support mechanisms for functioning clusters through their integration into the national innovation system; the assistance in the production output of organizations - cluster members to the foreign market, including the implementation of investment projects with the participation of federal and regional development institutions,

and other interested organizations; the support of new innovative companies within the cluster, including the provision of advice on the stage of their organization; the cooperation on attracting different sources of budgetary and extra-budgetary funding.

To eliminate the negative effects that may be caused by insufficient effective functioning of the cluster activities such as the use of the project approach and results orientation should be oriented towards the provision of government support measures; conducting research to identify new areas of cluster development; the use of competitive and competitive mechanisms to support cluster members; raising the funds of federal and regional budgets, the development of institutions, extra-budgetary funding for the programs (strategy) development of clusters and cluster projects.

As a necessary condition for the provision of state support for cluster projects and initiatives some measures should be considered such as the use of public-private partnerships; conducting special educational programs, trainings, workshops, sessions for cluster members for questions of cluster policy; efficient use of the best foreign and Russian practice in the application of cluster technology; information campaigns for the cluster members in the media.

Guidelines on the implementation of the expected results. Activities on the practical implementation of the cluster policy have a cross-sectorial focus, and its implementation involves a close cooperation between state authorities and local municipalities. Under current conditions it would be advisable to carry out a set of measures aimed at creating favourable legal and economic conditions for the formation and development of clusters at



the regional level of government. In the practical implementation of actions the following would be useful:

- The adoption of a coherent and consistent legal and regulatory framework in the Russian Federation in the field of cluster development and innovation, updating the main provisions of economic policy and one of its forms the investment policy;
- The organization of monitoring and forecasting of economic activity needs of cluster members in the skilled labour force, assist in the training and retraining of professionals on the basis of regional institutions of secondary vocational and higher education;
- The development of the social, transport and energy infrastructure of the the Russian Federation, as well as objects of the innovation system, which consists of industrial and technology parks, investment platforms, innovation, engineering and innovation centre and other research organizations;
- 4) The reduction of the tax burden, and tax incentives for organizations - cluster members in the implementation of investment and innovation projects and programs, as well as the elimination of administrative barriers to the implementation of investment and innovation cluster projects.

The state authorities of the Russian Federation and local municipalities are called upon to perform the following functions: to form the cluster registry, cluster projects and initiatives in collaboration with specialized organizations; participate in the development and presentation of programs at the federal level (strategies) of the cluster (cluster of projects) in order to obtain financial support from both the state and to cooperate with development institutions. These funds are needed for the creation of new facilities and the modernization or conversion of existing production facilities that are part of the cluster, as well as for the implementation of the relevant infrastructure projects.

In this regard, it seems timely to determine the list of structural units (working groups, councils, commissions) in regional government and local authorities. Managers should be appointed who are responsible for the development of the relevant areas of the cluster policy functions assigned to them to develop action plans and forms of control for their implementation, including the organization and monitoring. Improved mechanisms are required for planning innovation. The priority should be the development of new technologies, improvement of the quality characteristics of services, as well as the accounting of the best Russian and international experience, the proposals of industry associations. With this approach, the focus will be associated with providing support for the organizational structures responsible for the implementation of technological and organizational innovation at sectorial level; the formation of the corresponding databases and the creation of the necessary resources in information and telecommunications network "Internet" for the purpose of public discussion of the objectives and results of their execution.

The achievement of the positive effects on the creation of regional clusters in urban or rural areas is due to the "economies of scale". For example, on a production basis of several economic entities created geographically concentrated demand for uniform components, labour, relevant qualifications, services and certain services of orientation, which also tend



to be localized geographically around the clusters. As a result, all members of the regional cluster (as a subcontractor) get the opportunity to grow their business by satisfying the increasing demand on the part of the base ("anchor") of enterprises, as well as preferential treatment at the expense of savings on marketing and transport costs. In turn, the "anchor" of the enterprise and organization clusters benefit by creating a competitive environment that is emerging in the service sector and is accompanied by the formation of the innovation ecosystem.

The main expected outcomes of cluster development in the Russian Federation, in municipalities in urban and rural areas could be: the intensification of the process of formation of clusters in the priority sectors of the national economy, taking into account geographical features, climatic conditions and updating the territorial advantages of the Russian Federation: improving the competitiveness of business entities due to the growth in production volumes, the share of innovative products in the gross regional product and productivity in enterprises -

participants in the cluster; the intensification of development of innovative business entities; the increase in the percentage of localization of production of competitive products in the region or municipality and the reduction of transaction costs; improving the production, innovation and service infrastructure areas; the growth of non-raw material and high-tech exports; the development of individual entrepreneurship, the increase in the number of small and medium-sized enterprises; the formation of an effective system of professional training and retraining of qualified personnel for companies and organizations working in regional clusters; the growth of direct domestic and foreign investments.

**Conclusion**. The development of initiative in the implementation of cluster projects in the territories of the administrative-territorial and municipal entities of the Russian Federation has been intended to promote the concentration of existing and attracted resources in the regions most sought-after modern market economy development trends that will improve the efficiency provided for socio-economic measures.

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